



May 16, 2024

DCRB CIRCULAR NO. 1035

To All Members of the DCRB:

Re: **CHANGE TO THREE DECIMALS FOR LOSS COSTS AND EXPECTED LOSS RATES**

The Delaware Compensation Rating Bureau, Inc. (DCRB) is proposing to extend the decimal precision of ratemaking and experience rating values from two decimal places (X.XX) to three decimal places (X.XXX) for loss costs and expected loss rates. This change will be included in the Annual Loss Cost Filing effective December 1, 2026.

With an increasing payroll exposure base and declining loss costs and rates in the workers compensation system, continued filing of recommended values rounded to two decimal places presents challenges in achieving precise rating values, necessitating a shift to three decimal places.

A transition to three decimal places for loss costs values and expected loss rates enables future revisions based on the latest data and ensures pricing stability. This change allows for more precise adjustments that avoid the disproportional impact of rounding to two decimal places, especially on low loss cost value classification codes. The result will be more frequent and smaller changes instead of less frequent and larger changes.

While the change to three decimals will be premium neutral on an industry group and statewide basis, the final values will be rounded differently for each class.

For any questions regarding this circular, please contact Brent Otto, Vice President of Actuarial Services and Chief Actuary, at botto@pcrb.com or Jesse Marass, Director of Actuarial Services, at jmarass@pcrb.com.

William V. Taylor
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